

FISCAL NOTE

SB 3401 – HB 3713

March 28, 2006

SUMMARY OF BILL: Requires a referendum at least nine months prior to the expiration of a person's contract as director of schools to determine the will of the electorate before a local school board reappoints such director. The board may extend such person's contract for a term not to exceed four years if a majority or one-half of those voting on the question, vote for his retention.

ESTIMATED FISCAL IMPACT:

Increase Local Govt. Expenditures – Up to \$300,000*


Assumptions:

- There would be an impact on counties, cities, and special school districts due to the cost of the referendum to determine the continued employment of the current director of schools.
- If the current director is not retained the LEA would be obligated to honor the remaining portion of the director's contract; however, since the referendum would be held nine months prior to the expiration of the director's contract, there would not be a cost associated with *buying out* any contract.
- There could be additional cost associated with a search for a new director of schools if the results of the referendum are not favorable towards the current director.
- This estimate assumes a special election must be held. The most recent special election was held in Shelby County at a cost of \$300,000.

**Article II, Section 24 of the Tennessee Constitution provides that: no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director